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A NEW SHAPE FOR FEDERAL TRANSPORTATION

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by

John <sup>X</sup> Gratwick

Chairman

+ Transportation Development Agency

+ CANADIAN TRANSPORTATION RESEARCH FORUM

Royal York Hotel, Toronto, Ontario

November 19th, 1970



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My intention today is to describe the background objectives that led to the reorganization that the Federal Transport Ministry is at present undergoing. Secondly, I want to indicate the problems of linking these objectives to the selection and steering development and supporting research activities in order to meet some of our national aims and goals.

Transport looms fairly large in our lives and work. It accounts in money terms, for something like \$13 billion - 15% of G.N.P. - and provides employment, directly and indirectly, for a comparable proportion of the working force. Federal involvement is high; including the crown corporations, it accounts for more than 20% of all transport activity. This involvement has been increasing and in some respects increasing in rather an uncontrolled way, rather than as a deliberate choice based on clear policy.

This increasing federal activity has also to be looked at in the light of the current state of transport in the country. Rather than problems of the non-availability of transport, many feel that we are faced with problems of excess. What is certainly true is that we are faced with choices between modes, routes and methods. At the same time other technology is offering alternatives to transportation. Industrial activity is, to an increasing extent, being freed from constraints in its choice of location in relation to sources of materials, energy, labour and markets, and thus



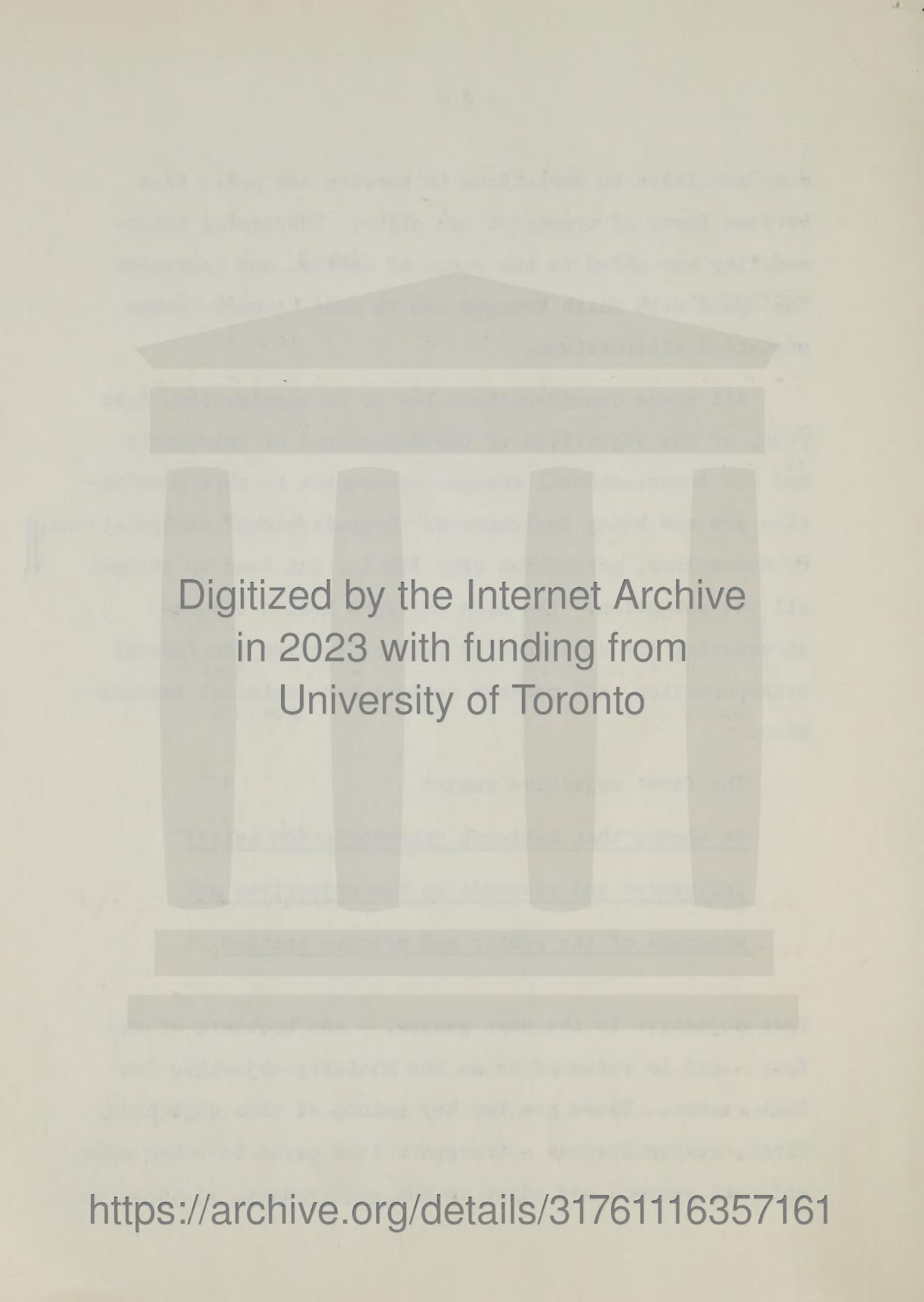
more sensitive to variations in service and price that various forms of transport can offer. Increasing intermodality has added to the range of choice, and increases the speed with which changes can be made between transportation alternatives.

All these considerations led to an examination, last year, of the objectives of the Department of Transport; and the organizational changes consequent to that examination are now being implemented. Organizational manipulations, by themselves, accomplish very little, but tend to attract all the attention. The main concepts behind the restructuring are contained in four objectives for federal transportation, and perhaps deserve more critical examination.

The first objective reads:

to ensure that national transportation policy influences and responds to the objectives and programs of the public and private sectors

This objective is the most general - and broadest of the four - and is referred to as the Ministry objective for that reason. There are two key points of this objective. First, responsiveness - transport is a means to other ends, and must respond and adapt to the requirements of those ends.



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Second, what transport has to offer, in terms of new opportunities, solutions to other problems, but also its negative aspects, needs to be injected into the process of choice formulation and decision taking at all levels. This objective also implies that the Ministry's role and concern is for all transportation, || and not just for those components under direct federal ownership, operation, or control.

The second objective is aimed at the operational activity of the Ministry. It reads:

to provide for any mode of transportation such  
way terminal and vehicular services, support-  
able by recoverable financing from the user  
or other beneficiaries, that cannot, or should  
not be offered by the private or other sectors

This objective implies that while the Federal Ministry may always be actively in the transport business, the nature and degree of its activities can change. The key point in this objective is that any services provided should be supported by the beneficiaries. Bluntly, they must pay their way. Rational choices between alternative services, or between transport and non-transport solutions can only be made if all are on the same basis. This approach is *affability*



identical to the policy enunciated in the National Transportation Act of 1967, which stated that each mode of transport should bear the costs associated with it, and thus find its proper economic level. This policy ensures the responsiveness of transport to the demands placed on it, and will force modification, in both quantity and quality, to meet the true demands placed on it by its markets.

This objective is also aimed at ensuring the long term health of transport. New ideas and developments may have measurable benefits, but they cost money. This cost, if compared with an artificially supported status quo alternative, will tend to inhibit the adoption of the new. We should not expect this objective to be reached overnight, but increasingly, other national programs that wish to use transport in some way to achieve their aims will be expected to underwrite the costs. Where this involves an exchange between federal departments, it can be decried as mere book keeping - but this is just the book keeping that any decentralized corporation has to have to manage its affairs properly.

|| New book keeping technique

Transport is rarely a completely private activity, and it has always been accepted that some ground rules for the conduct of the providers and users towards each other, and their impact on non-participating third parties, need to be



established and maintained. The third objective covers this regulatory process. It reads:

to balance the economic, technical and social consequences resulting from changes in capability or use of transportation services, and to ensure that socially and economically viable standards of way, vehicle, terminal and operator performance are established and maintained

This objective again calls for responsiveness, in that regulations should reflect existing social and economic standards and mores. It should also serve the transporters as well as the transported, which, with the demise of much of the monopoly character of transportation, seems only fair. The remaining monopolies - primarily way systems, are largely in government hands, and regulation will increasingly have to be aimed in their direction.

In the past, regulation has traditionally followed development, and has tended to constrain the future within previously established patterns, rather than providing, as is now intended, an environment that allows or perhaps encourages, appropriate change. The last objective is aimed at change, and can be considered the development objective.



It is:

to encourage and promote continuous  
improvement, innovation, growth or  
phase out of modal or intermodal  
transportation

This objective acknowledges the federal role in the adaptation of transport to changing needs and new opportunities, and I will return to this aspect shortly. Before doing so, let me briefly indicate the new structure of the Ministry. (Figure 1) It now comprises a corporate headquarters consisting of the Minister, Deputy Minister, and Senior Assistant Deputy Minister, supported by a staff group. All other activities are the responsibility of the various corporations, Administrations and Agencies. The group shown at the top of the chart have more autonomy than those shown below, but this difference will tend to disappear as the latter group move to more complete autonomy with their increasing financial viability. In addition, the Administrations will be expected to decentralize further by forming semi-autonomous Authorities having responsibility for specific components of their operations, such as airports and harbours.



The Development Agency has the role of identifying, supporting and implementing improvement and change. The guidelines for this role are based on information, and in fact the substance of the activity is, in many cases, one of putting information into appropriate form and injecting it into the policy and decision process at the right time and place. In this way, the Agency is of direct support to the Ministry in its planning and broad steering functions.

While there must be some preoccupation with new technology, and new applications, perhaps the greater part of transportation development is contained in the word improvement - in particular, getting more out of what already exists. What is certain is that some bases for defining priorities and identifying choices is necessary, and not merely for development, but for the Ministry as a whole. Where are the problems, and what are the opportunities? We do not have anything approaching an adequate structure for doing this yet, and it is certainly the prime concern we have at the moment. Even a few broad numbers however, help to home in to some areas, and can stimulate some ideas, I want to indicate two specific areas that show potential as examples.



Most of us tend to think of people transport first, and to the extent that we spend more on it, than on freight, this is fair. These charts (Figures 2, 3, 4, 5) show activity and expenditure by modes for people movement and goods movement. Per head, we spend about \$600. a year, \$175. on goods and services movement, and \$425. on personal movement.

Apart from walking and bicycles we purchase some 5,000 passenger miles per capita annually. Overwhelmingly it is by automobile, which accounts for 85 - 90%, with air, bus and rail sharing the rest. The average cost is about 7¢ a mile - with air and automobile being the most expensive, and bus cheapest - but we appear to use a mode in inverse proportion to its price. Linking to this some broad information on numbers of trips and purpose of travel (Tables 1 and 2) emphasizes the application of much of our transport resource - short haul people movements, a large proportion of them being for personal affairs. To know in what ways to look for developments that can be of most use we need to know more about the whys of this travel activity, and what really determines the choices of nature and amount. To what extent, for instance, will the increasing use of recreational vehicles - power boats and snowmobiles, divert some of this



leisure use of automobiles - if at all? Can some of this demand be eliminated or diverted? These questions suggest that we must put more effort into research in the behavioural and social sciences in order to move intelligently toward a better transportation future.

The other main thrust that I personally think will have a high yield is suggested by this chart (Table 3). This is a very superficial look at part of the picture of utilization of transport resources - but it tends to point towards the same area of transportation activity, namely the movement of people, largely in urban areas. It is here that the poorest use of vehicles seems to occur. The reason for it is that we solve the problem of having transport available under conditions of uncertain demand and variable schedules by gross over provision of vehicles. Operational information, scheduling and control techniques must be developed and applied in order to make shared personal transport responsive enough to individual needs to appear attractive. This is not a quick or easy process, as utilization can only be improved by adjusting the proportions of equipment and demand; we must grow into solutions, rather than suddenly change over to them.



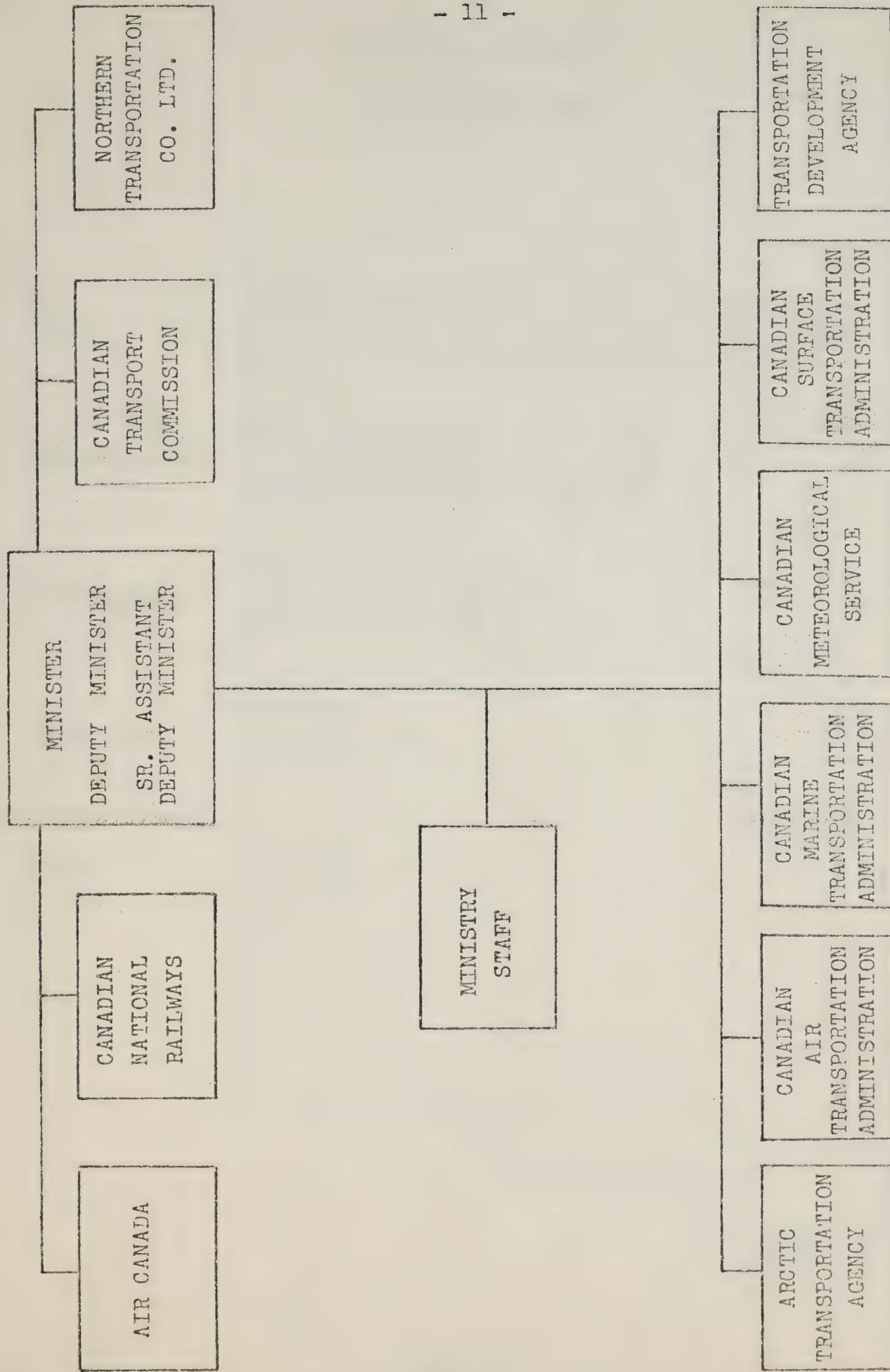
Complementary control technology needs to be developed to make better use of way systems. Perhaps some transfer of knowledge and techniques will be possible from air and marine operations to highways - though with the very large population of independent truck and automobile operators, we need to look for means of amplifying man's capabilities, rather than accentuating his limitations, in his role as operator. One hears of radar assisted collisions, at sea, and on the highways we do well enough without that sort of help.

To generalize from these specific examples, we should be working toward a greater understanding of the reasons for transportation use and choice, and developing the means for better utilization of what we have, in addition to seeking out the potentialities of new means of transport.

We would welcome discussion and comment on the steering and extending of transportation development activity, and it is my hope that some of you will be prepared to participate in such discussions.



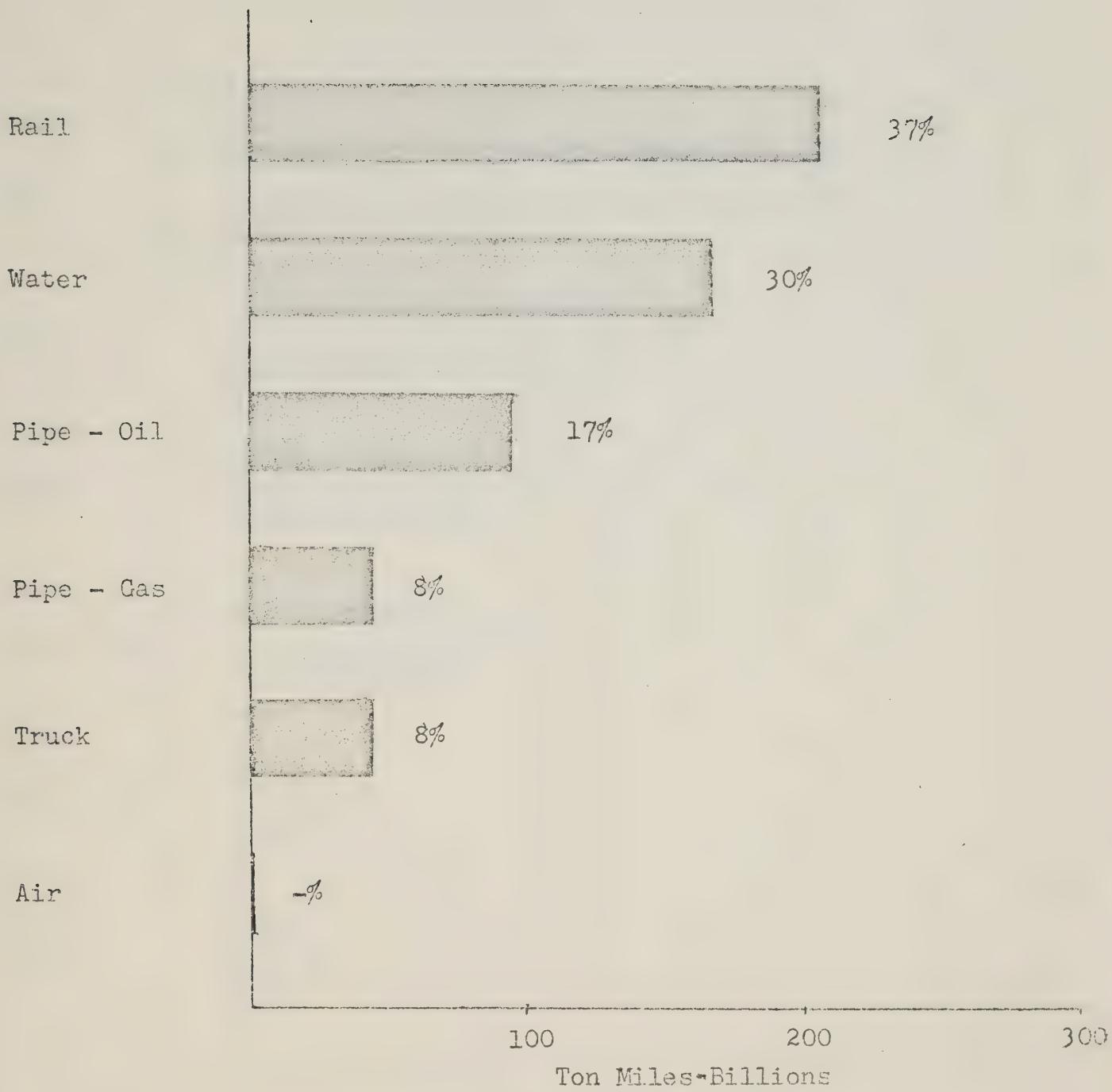
MINISTRY OF TRANSPORT





MOVEMENT OF GOODS

Ton Miles by Mode



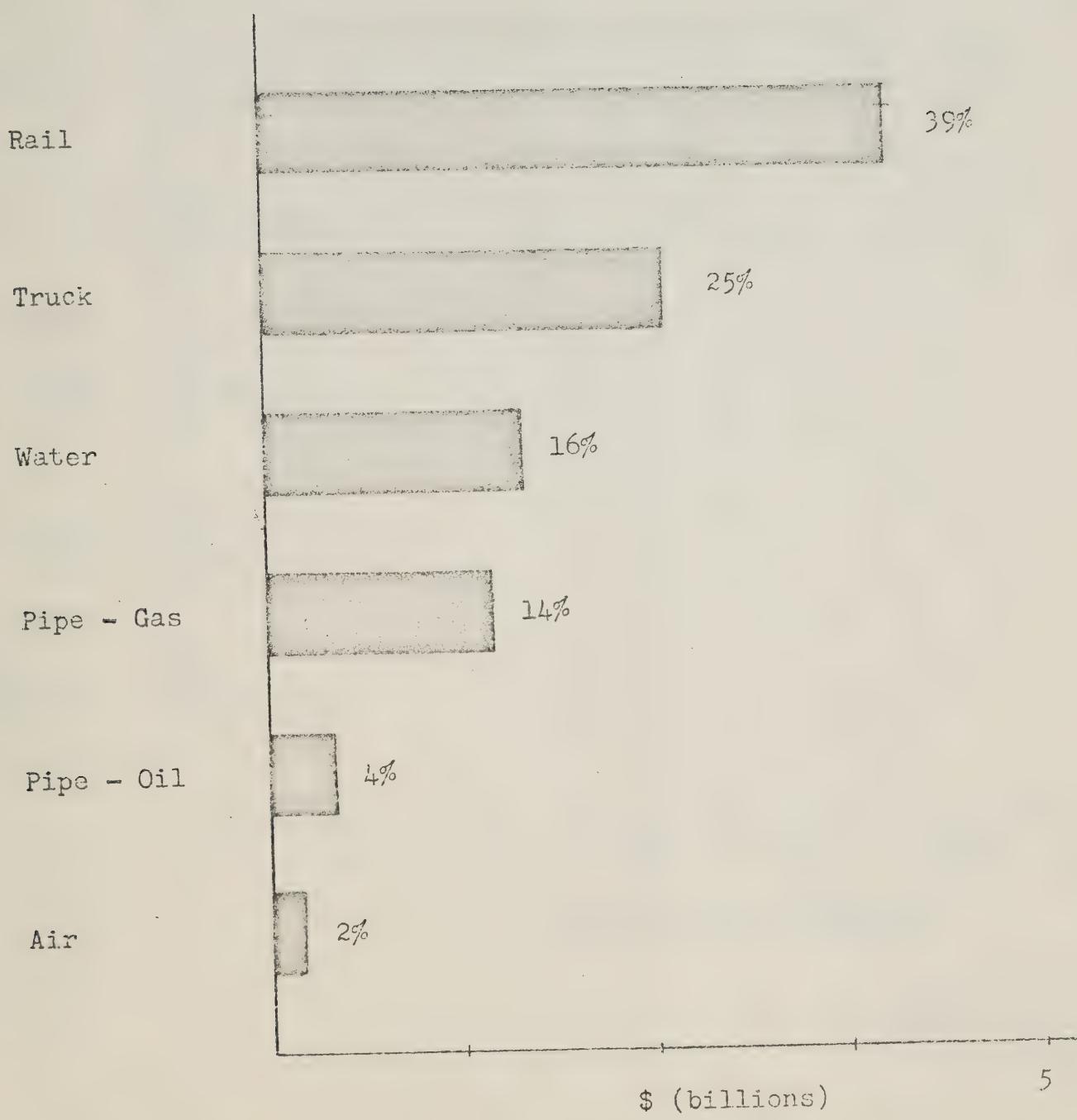
Total: 255 B

Figure 2



MOVEMENT OF GOODS

Expenditures by Mode

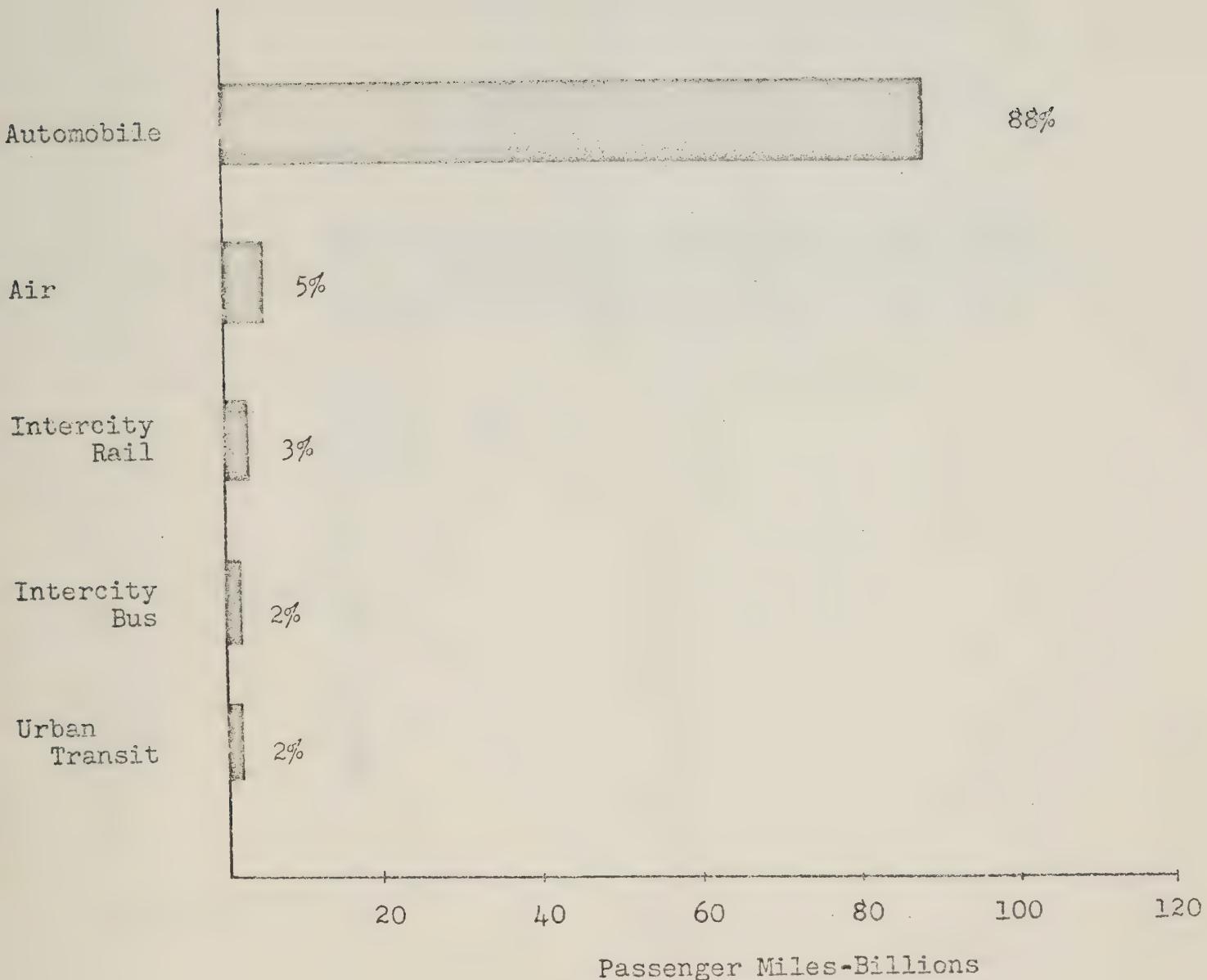


Total: \$3.5 B



MOVEMENT OF PEOPLE

Passenger Miles by Mode



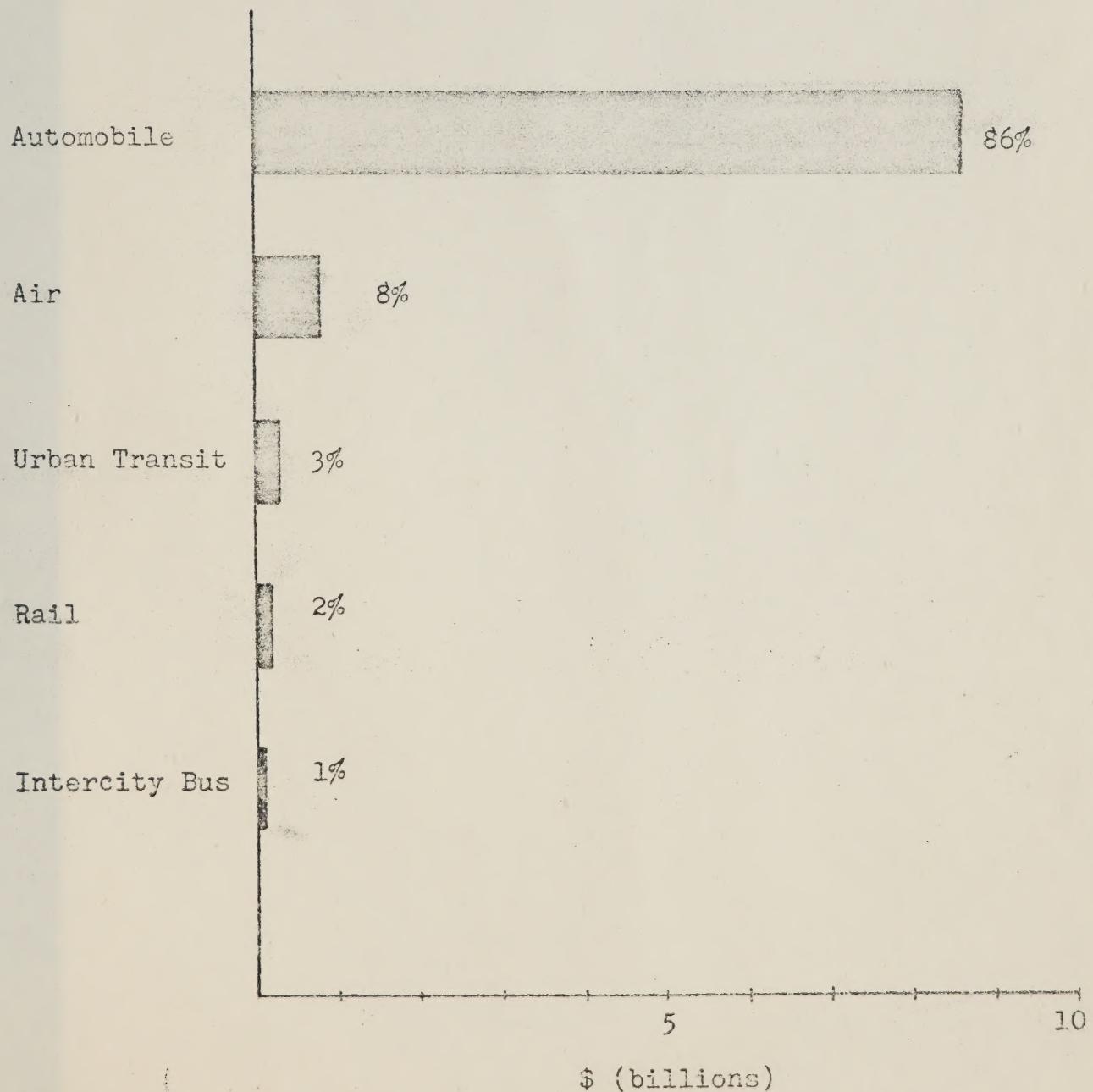
Total: 113 B

Figure 4



MOVEMENT OF PEOPLE

Expenditures by Mode



Total: \$8.5 B

